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RUSSIAN WAGE SYSTEMS UNDER COMMUNISM

The present phase of Russian industrial organization dates from the spring of 1921 when the decrees formulating the new economic policy were issued. According to this policy large-scale industry is retained by the state, secondary enterprises are given over to the initiative of private individuals and groups, and undeveloped resources are thrown open to foreign capital.

One of the most striking contrasts to the earlier communistic position contained in the present program is found in the new schemes for remunerating workers. Lenin evidently depends upon them to no small extent for achieving the goal of increased production and exchange of goods, and the results which have already appeared offer ground for encouragement.

On the part of Lenin, at least, the change of front has been made with admirable frankness and the tactics of today are avowedly opportunistic. As early as April, 1918, he wrote: "It is insufficient to be a revolutionary and a supporter of Socialism or Communism in a general way. We must be able to discover that particular link in the chain which we must seize with all the strength we can command if we are to retain the whole chain." Last autumn, on the anniversary of the revolution, he said: "We have withdrawn to State capitalism. But we withdrew within measure. We are now withdrawing as far as State regulation of commerce. But we shall withdraw within measure." Under pressure of military necessity, unemployment, urgent need for increased production, and famine, experimentation has pointed the way to modification of doctrine.

Thus the much-talked-of system of collective payment now used in the factories and enterprises retained by the state is the culmination of a series of experiments with different systems of payment, each of which seemed to correspond to the particular necessity of its time. One of the first steps of the Bolshevik government after it came into power was the regulation of wages. Within a month after the revolution (December, 1917) a scale of wages on the basis of approximate equalization was established by decree. Four elements were taken into consideration: the cost of living, the professional ability of the wage-earner, the danger involved in his occupation, and general

economic conditions. The plan was first applied to the Petrograd metal workers, and it appears that many subsequent scales were modeled upon it. The metal workers were divided into five groups of three categories each, so that fifteen wage rates were employed. The decrease in the value of the ruble and the inflation of the prices of the necessities of life soon made a change imperative. In June, 1918, a tendency toward payment in kind was reported. The idea developed that Russia was a great communistic state in which the workers and the agriculturalists helped each other by an exchange of raw materials and foodstuffs on a large scale for manufactured articles.

Early in 1919 payment in kind became general. It was officially decreed that payments in currency should give way to payments in materials, and that rations should be apportioned to five classes: (1) workmen and employees, (2) members of workmen's and employees' families, (3) other citizens, (4) country people, and (5) soldiers. Soldiers were most highly favored in the distribution of rations, and workmen next. The classifications developed until at the end of 1919 there were thirty-five classes of workers, with corresponding payments.

Payment in general was on a time basis, but piecework existed side by side with it, where the Salary Commissions found it "expedient to employ this system in the interests of normal production" and "technically possible." A bonus system (in kind) was also introduced. At the same time compulsory labor was maintained in the interests of increased production and on the grounds of the bolshevist maxim that "human labor is the property of the State."

The continued decrease in the value of money combined with the decline of output made the payment of labor an acute question in the closing months of 1920 and the early part of 1921. It was reported in 1920 that payment for labor was increasing at a far greater rate than the other types of business costs. It was evident that there was no adequate stimulus to increase output. It became necessary to devise a system of rewards which should act as personal incentives. In 1920 a system of premiums was tried, according to which the worker was paid the premium in the articles produced, but a more fundamental change was necessary. The real change of wage policy came in connection with the new economic program of 1921.

In the carrying out of this policy many of the factories which have been under state administration are now leased to co-operatives, labor groups, and individuals in order that "competition, already

perceptible and long anticipated, resulting from the leases of such undertakings will tend to improve the quality and increase the quantity of the total of goods produced." Leases to individuals have so far greatly outnumbered all others, and the lessees are often the former owners of the plants. The wage system described below is that applying to the factories and other enterprises which have been retained by the state. It is known as "collective payment," and the first of the decrees establishing it was issued June 18, 1921.

For each establishment there is determined a required minimum production. On this basis a budget is made up. It is calculated from the allotted quantity of food, clothing, and other necessities for the exact number of workers needed to produce the fixed minimum, plus the amount of money to which each is entitled *by reason of the importance of his work and his skill*. A percentage of the value of the total output is added, as well as the cost of the necessary machinery, raw materials, and upkeep. This sum is designated as the "equipment and wages fund" and is guaranteed by the state as long as minimum output is maintained *and progressively improved* in accordance with a fixed schedule. The working of the plan is officially described as follows by the Information Department of the Russian Trade Delegation in London:

The whole staff of the works thus gains an interest in carrying out the full industrial programme, and decreasing the number of workers engaged in the concern so long as this decrease does not affect the total output. The special feature of the system is that the wages fund increases in accordance with an increase in production, while the payment of each worker depends on his qualification and his output. The advantages of collective payment to the State are that the Government expenses on industrial production bear a direct relation to output.

Obviously an objection from the worker's point of view is that production may be held up by some factor not in his control, such as a failure of supplies. This will result in extending his interest to include the whole scope of the industry. Such situations will also doubtless be the basis for demands to adjust the scales of payment.

By the end of October, 1921, 99 large concerns employing more than 400,000 workers had been put on the system of collective payment. Some remarkable results have been reported from them. In establishments in the Nizhni-Novgorod province production was increased 32 per cent after the introduction of the new system and in the Donetz area 48 per cent. In the latter case absenteeism was reduced from

21 to 8 per cent. In another group of important factories the increase in productivity is reported as 60 per cent, and this was accomplished while the number of workers was reduced 21.5 per cent and the total cost of production greatly reduced.

What has been sought for (and apparently found) is a method for energizing the individual worker. The spur used in Communistic Russia as in the labor-spurned wage systems of scientific management is individual gain. The importance of tying up the workman's gain with total output is never lost sight of. The regulations of August 21, 1921, state:

All kinds of supplies for workmen, except clothing outfits for work, are counted as a part of wages (on the basis of collective payment); at the same time workers in these enterprises should be provided with supplies sufficient to insure their taking an interest in the production and to stimulate individual output. The supplies are distributed both to individual workers and to groups of workers in accordance with the output achieved.

The policy was further accentuated in the later regulations issued September 16 and summarized below:

1. The wages tariff should be based on a minimum payment, to be increased directly and immediately with an increase in production.
2. The attempt to equalization in the fixing of wages tariffs for workers of different grades is abandoned.
3. The State will set aside stores of provisions and other necessities, as well as money, for workers and employees in all factories and enterprises. The basis on which issues should be made from these stores to each undertaking must be, *not the number of workers, but the unit of manufacture*, and the total issue must vary with the production.
4. If difficulty arises in connection with the supply from the State stores the undertaking in question has the right to set aside articles of its own production in order to secure stores for the payment of wages.
5. In order to stabilize the amounts obtained by the workers in wages, it will be necessary that the money portion of wages should vary in amount with the fluctuations in the value of the rouble and in the prices of goods. This will ensure a basis of real wages instead of money wages.
6. A premium on production is allowed at the end of the year or twice a year, on May 1, and November 7, according to the volume of production and the continuity of the work of the enterprise concerned. A special fund can also be set aside to give special bonuses in the course of the year for the completion of particular pieces of work.

A further amending decree (November 10, 1921) makes no change in principle, but specifically states that "the total payment allocated

to each factory shall not be decreased even though the number of employees are decreased as a result of more efficient management," but, "should a lower percentage only of the program have been completed, the amount of supplies distributed among the factory employees on account of wages shall be diminished accordingly for that month."

There is then in effect in Russia a wage system which embodies some of the features most disliked by organized labor in capitalistic countries. Not only is production stimulated by increased payment, but the workers are collectively penalized if production falls short. All forms of bonuses for quantity production associated with the dreaded speeding-up have been for years objects of ingrained opposition from trade unionists. So also has the deep-rooted fear of unemployment led them to favor rather plans for "making the work go round" and to look with suspicion on suggestions leading to the reduction of workers in a given plant.

But Soviet Russia is apparently advancing her new wage policy with the support of the trade unionists, although there have been disapproving voices to deal with. It was first stipulated that the choice of the enterprises to be retained by the state should be made with the assistance of the trade unions, and that these bodies should help define the general standards of wages. An official of the All-Russian Council of Trade Unions, E. Alperovich, presented the draft decree for determining the worker's supply. This draft also stipulates that 10 per cent of the fund for each enterprise shall be set aside for the sick and lawfully absent members, and that the financial estimates shall be worked out jointly by the Supreme Economic Council and the All-Russian Council of Trade Unions. Lastly, the co-operation of the All-Russian Council of Trade Unions has been secured by intrusting to it the task of the whole system of calculating the collective supply fund after the expiration of three months for the purpose of revision in the light of experience (Decree of the Council of People's Commissaries, November 10, 1921).

Much depends on the next months. It is still too soon to measure results on any significant scale, but if the new policy can be pointed to as a factor in a real revival of industry in Russia, it is certain to be greatly extended, and at least for a long time the ultimate program of the communist state will be deferred.

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